

Alan Rosenzweig - FIFC

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Date: 9/27/2005 9:18 AM
Subject: FIFC
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I read through the documents. It appears that there are no ongoing fee obligations due to FIFC so joining is not a problem. Having said that, I would be negligent if I did not highlight that the IRS is actively targeting pooled financing programs around the nation and specifically in Florida. Well established, conservatively run programs like Sunshine State and First Florida are viewed positively by the IRS. Conversely newer programs that use swaps and other products are being heavily scrutinized. The point is that before actually using the FIFC program, we would need to do a careful analysis of the underlying debt (is it traditional fixed rate or variable rate; does FIFC use swaps to get to fixed or variable rate, etc.).

I recommend one of two courses of action. First, you could join with the understanding that you will not use the program until a detailed analysis is performed. Or second, you could step back and review the program structure further at this point before signing on. The one risk in doing the first option is that pooled programs generally try to get as many "members" as possible which aids in marketing the program. You may not want the County's name on the program until you have fully reviewed the underlying debt.

Question: What do you want from me now. Is this email enough? Or, do you want this turned into a memo? Or, do you want us to do the research on the underlying debt of the FIFC program?

David